

FISCAL NOTE

HB 3239 - SB 3281

March 2, 1998

SUMMARY OF BILL: Permits the spouses and dependent children of a state employee or a retired state employee to continue participation in the State Group Insurance Plan upon the employee's or retiree's death. The survivors would pay the employee portion of the premium (20% of the monthly premium for health coverage) or by retirees (between 20% and 40% based upon the retiree's length of service). A surviving spouse could continue participation until receiving insurance benefits through employment or marriage.

Presently, survivors receive six months of coverage without cost following the death of an employee or retiree maintaining family coverage. The survivors of a retiree can then continue participation under separate coverage types (spouse only or dependents only) until they become Medicare eligible.

All survivors would be eligible for a continuation of up to 36 months by paying a monthly premium of 102% of the plan total (a COBRA continuation). If the employee had 10 but less than 25 years of service, the beneficiary would receive a TCRS benefit determined by the automatic Option 1 calculation and could continue health coverage by paying 40% (for less than 20 years of service) or 30% (for between 20 and 30 years of service) of the monthly premium. If an employee has at least 25 years of service at death, the beneficiary receives a TCRS benefit determined by the inservice Option 1 calculation and the survivors would pay 30% or 20% (for 30 or more years of service) of the monthly premium.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$165,800 First Year
\$251,000 Second Year
\$441,000 Third Year
\$777,000 Fourth Year**

Estimated first year cost in terms of decreased premium revenue to the State Plan exceeds \$207,000; over \$165,000 (\$207,000 x 80%) will be paid in increased employer contributions.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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